

265—3.34 (16) Fund guidelines. Any sponsor is eligible to apply for assistance from the gap fund relating to a specific project provided that the sponsor applies for a multifamily loan under the program for the same project.

3.34(1) Loans may be made to sponsors only with respect to projects that meet the criteria detailed in subrule 3.5(1).

3.34(2) The following types of activities and costs, to the extent approved by the authority, are eligible for assistance: acquisition costs, operating and replacement reserves, insurance, closing costs, and such other similar activities as may be determined by the authority to fall within the guidelines and purposes established for loans under the gap fund.

3.34(3) Assistance will be provided upon the following terms and conditions:

- a.* The maximum loan amount cannot exceed 50 percent of the authority's first mortgage loan and second mortgage loan, if any, under the program.
- b.* The loan term shall not exceed 40 years.
- c.* Principal and interest payments shall be due monthly.
- d.* Interest rates will be set by the authority, in its sole discretion, as close to market as the financial capacity of the project will allow.
- e.* Loans shall be secured by a subordinate mortgage.
- f.* Recipients must execute such documents and instruments, and must provide such information, certificates and other items as determined necessary by the authority, in its sole discretion, in connection with any assistance.

3.34(4) Loan fees are as follows:

- a.* Commitment fee - 1.0 percent of loan amount.
- b.* Origination fee - 2.0 percent of loan amount.
- c.* Inspection fee - 0.5 percent of loan amount.
- d.* Application fee - 0.3 percent of proposed loan amount.

The authority may, in limited cases, reduce such fees if necessary in connection with assistance provided under this program. Such decision will be made in the sole discretion of the authority.